



GVH Distribution

Family of Companies

March 15, 2021

RE: GVH February Market Update

Dear Retail Partners,

As we continue to work through these unprecedented times, we want to thank you for all your efforts in continuing to feed America and providing essential supplies for your employees and consumers. Please see the market update below as it pertains to the supply chain and the status of procuring critical supply items.

SUPPLY CHAIN

Instead of improving, issues with supply chain and raw materials continue to get worse. The unprecedented temperatures in the South (The Polar Vortex) have created large problems for suppliers and carriers, and we are still experiencing the trickle-down effects. The Texas storm caused the petrochemical plants to declare force majeure from having to shut down due to power outages and damages from the storm. The freeze took about 75% of US ethylene capacity offline, which will affect many products GVH carries. The recovery and restart have been slow to this point. So far, we have received communication from NPX One, Pactiv, Novolex and other Vendors this has significantly impacted each of them. We expect more notices from the Vendor's who have not sent them. GVH is currently sourcing solutions where we see potential supply issues, and even looking at doing more importing where needed.

MEAT TRAYS

The petrochemical shutdown has begun to lead to inventory shortages on foam meat trays. NPX has taken a position to discontinue many sizes and colors of their trays, and most suppliers do not have the capacity to take on additional business at this time. Raw material is in short supply, and we can expect more price increases. Right now, GVH is reaching out to all our sources to fill in the gaps we are seeing so far. It is possible we feel the effects of this for many months to come, much like we did in with COVID. Once one supplier announces changes in their assortment, others tend to follow suit to service the customer efficiently. We still have suppliers that are not back to a % offering on trays from COVID in 2020.

FRONT-END PAPER

We are experiencing more price fluctuation up on paper bags. GVH is in good inventory situation on most front-end paper bags, but still getting hit with new price increase notices. Suppliers are continuing to keep up, and we are closely watching for reinstatement of plastic bag bans, or extensions on plastic being allowed for longer periods of time.

GLOVES

The glove market changes by the week right now. Suppliers are in good position on vinyl, but there is still a massive shortage on latex and nitrile gloves. We are seeing some more nitrile equivalent options start to pop up, and it appears some capacity is starting to open, but at very high prices. GVH is currently sourcing blends. In our opinion, most grocers are priced out of regular nitrile gloves. At this point, it is still very difficult to gauge when there will be less sporadic supply of nitrile and latex gloves.

FOAM HINGED CONTAINERS

Foam hinged containers remain difficult to source and procure (like many items that are to-go, or takeout). Right now, GVH is in a good inventory position on white, but black is getting harder and harder to get, if we can get it at all. We have had an easier time getting 9x9 - 1 and 3 compartment, then 8x8's. If you are carrying these items in foam, we ask you to be open to substitution recommendations. Currently, we have supply on both 9x9 and 8x8, and are buying from several suppliers.

DELI CONTAINERS

Deli containers are another takeout subcategory where we have had to identify new vendors, and sources to keep supply in stock. PET and PP raw material supply is at an all-time low and demand is high. Vendor's have announced force majeure resulting in strict allocations and price increases. We are currently exploring some import options since we have had so many issues procuring from traditional sources domestically.

RIB CONTAINERS

Rib containers are another item we have seen constraints on recently. Our largest supplier on half and full slab rib containers, Anchor, quit manufacturing these domestically and began importing. With this change and issues importing from overseas, we are seeing large gaps in supply. Other suppliers who manufacture domestically do not have the capacity to take on additional capacity due to raw material shortages. GVH is exploring alternate sources, and like items that can be used for the same purpose.

PRICING

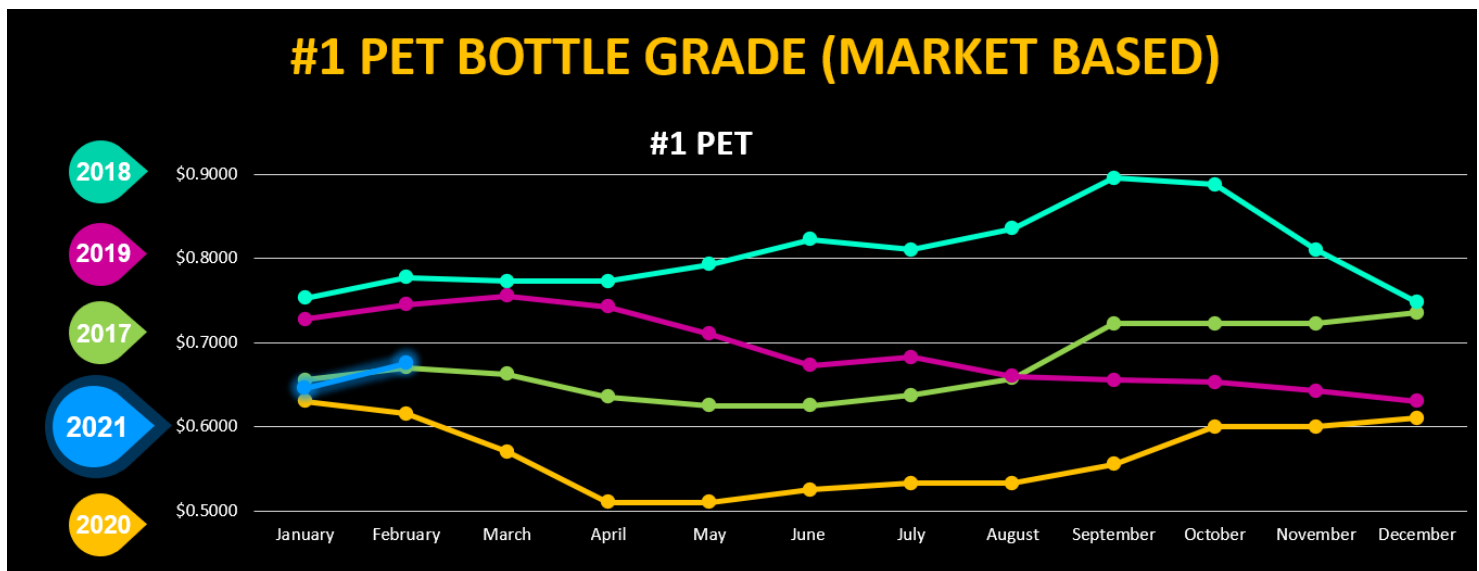
As stated in the previous update, price increases continue to inundate our inboxes. We thought we were at the end of significant price increases, then the Polar Vortex hit. This storm has caused a stop in service resulting in price increases. Labor shortages, wage increases, insurance, plant closures due to COVID-19 and other manufacturing costs continue to impact pricing. Additionally, Domestic, and International freight, shipping container constraints and port congestion have also been a cause of increased pricing. We expect to continue to receive price increase notifications until the circumstances above calm down.

MARKET TRENDS

GVH continues to cover pricing and market trends for all the substrates that affect the products we provide so you can be aware of what causes market changes. Please review the following substrate market trends to see what is affecting costs of goods and supply.

PET MARKET

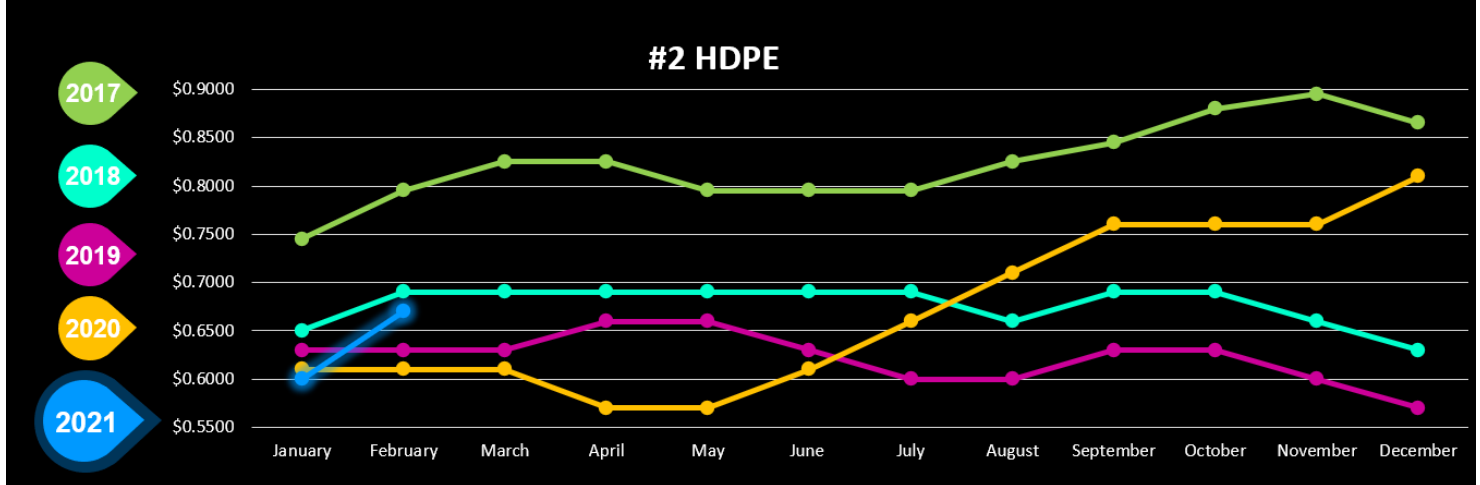
- Products: Clear take-home food containers & bottles.
- Vendor examples: Pactiv, Placon, Anchor Plastics, Inline, Fabrikal, Sabert, Dart, Fineline, D&W Finepak, Genpak, WNA, Berlin
- April 2020 to February 2021 PET raw material has increased 27%.
- We expect to see additional price increases.



HDPE FILM

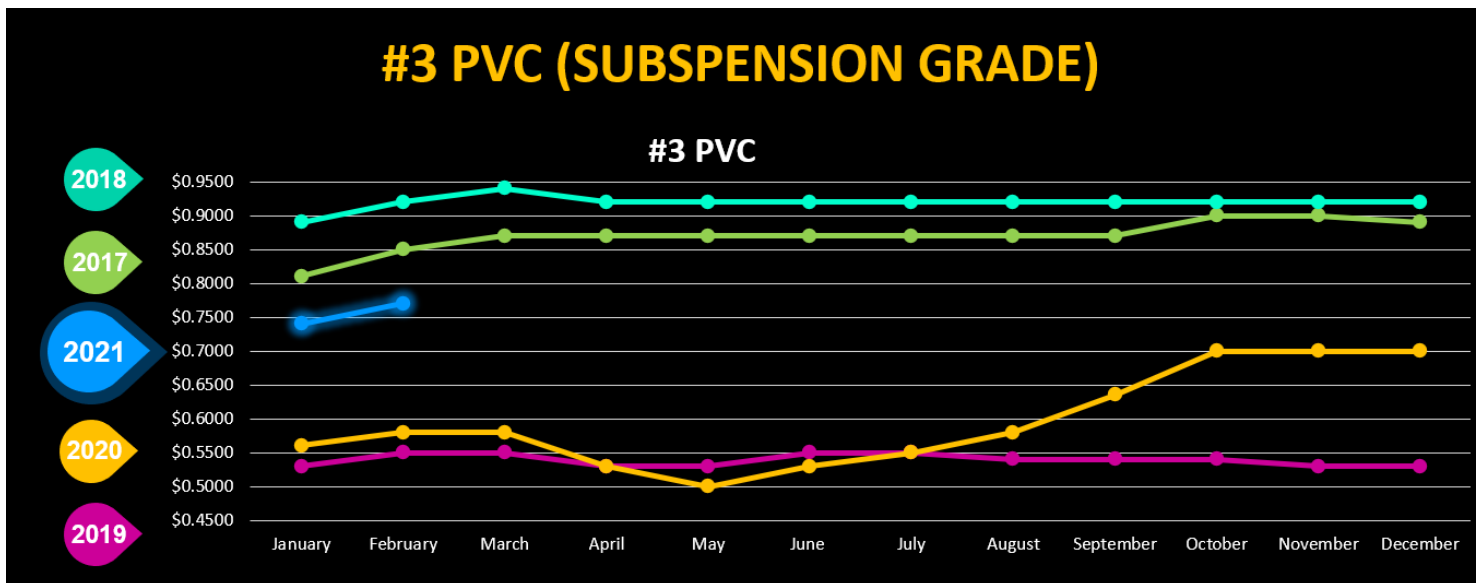
- Products: T-Sacks, Poly Bags, Can Liners, Produce bags
- Vendor examples: Hilex, Crown Poly, Elkay, Berry, Heritage
- April 2020 to February 2021 HDPE raw material has increased 63%
- CDI announced a Non-Market Adjustment (NMA) of \$.26 – According to www.chemicaldata.com - This is implemented when it is determined that the level of a price assessment has become insufficiently representative.
 - The NMA resets the benchmark, however, does not change the price

#2 HDPE HMW FILM



PVC

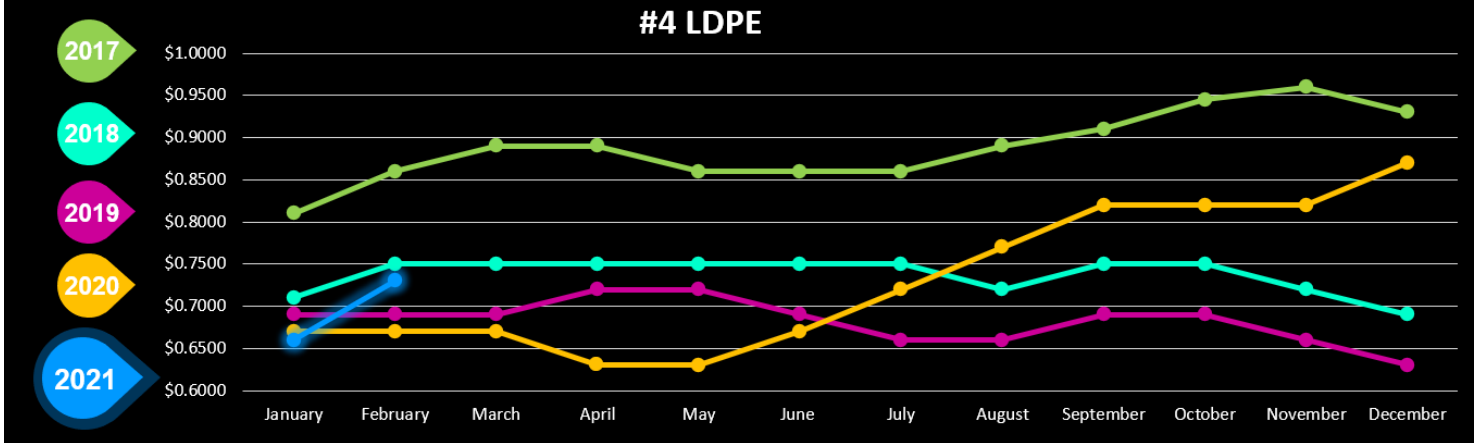
- Products: Meat Film & Pallet Film
- Vendor examples: Berry Global, Anchor, Xtrplast, Red Rock
- April 2020 to February 2021 PVC raw material has increased 34%



LDPE

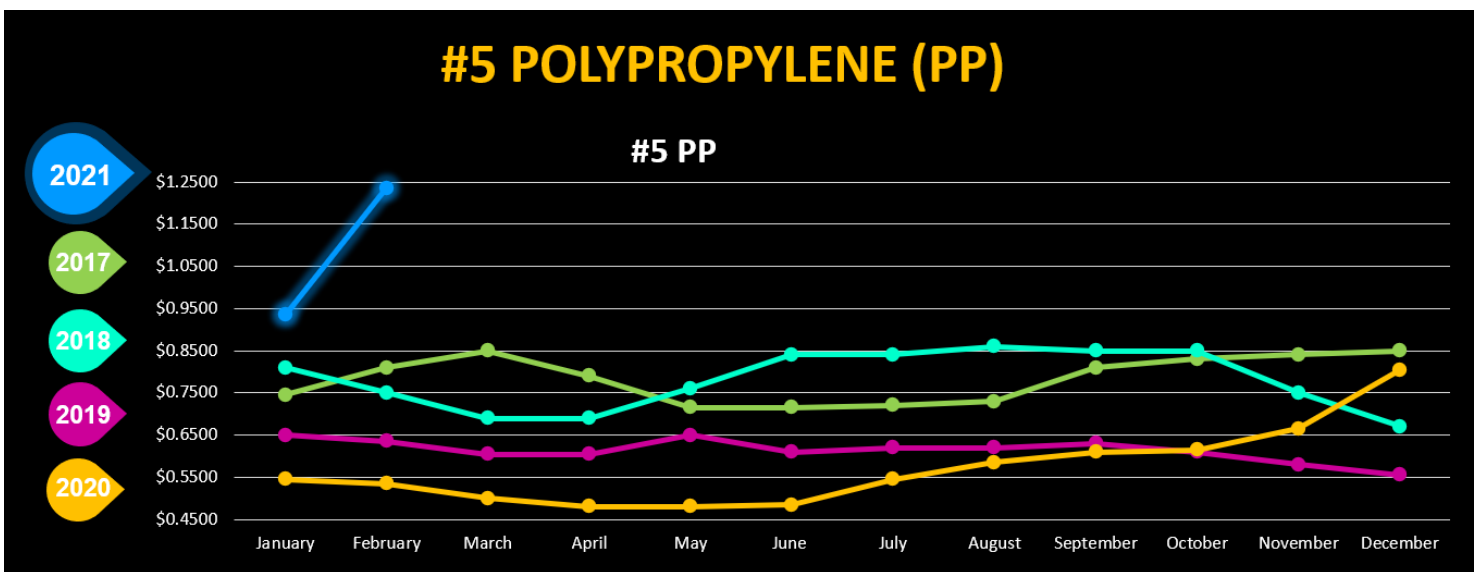
- Products: T-Sacks, Poly Bags, Can Liners, Produce bags
- Vendor examples: Hilex, Crown Poly, Elkay, Berry, Heritage
- April 2020 to February 2021 LDPE raw material has increased 57%
- CDI announced a Non-Market Adjustment (NMA) of \$.26 – According to www.chemicaldata.com - This is implemented when it is determined that the level of a price assessment has become insufficiently representative.
 - The NMA resets the benchmark, however, does not change the price

#4 LDPE (FILM LINER GRADE)



POLYPROPYLENE

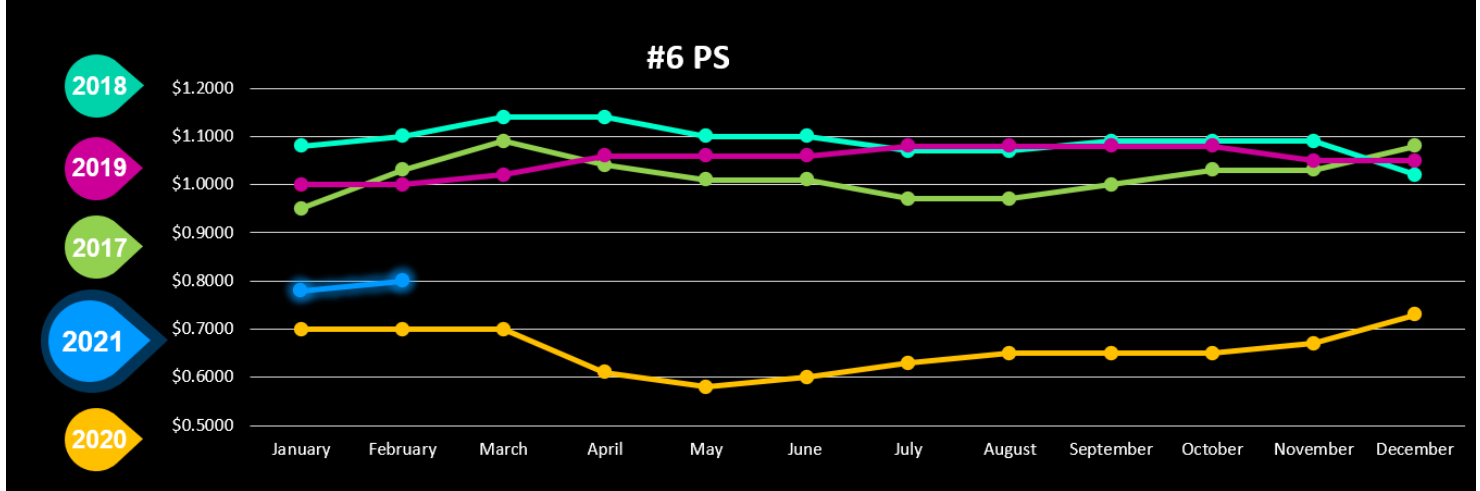
- Products: Take out, Reusable Containers, Deli Cups, Roasters & Rib Containers
- Vendor examples: Pactiv, Placon, Anchor Plastics, Genpak, Fabrikal, Sabert, Dart, Fineline, D&W Finepak, WNA, Berry Containers, Kari-Out, Innopak
- April 2020 to February 2021 PP raw material has increased 157%
- We expect to see additional PP increases announced



POLYSTYRENE

- Products: Foam Trays & Foam To-go Containers
- Vendor examples: CKF, Cryovac, Pactiv, Genpak, Dart, Fabrikal, Easypak, D&W Fine Pack, Wincup
- April 2020 to February 2021 PS raw material has increased 31%
- We expect to see additional increases for products made from PS

#6 POLYSTYRENE (GPPS)



We hope you find this information useful for your business. As always, GVH is committed to working with our retailers and vendor partners so we may provide solutions during these challenging times. We appreciate your support and value our relationship, and please reach out to us with any questions!

Sincerely,

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